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Southern District of New York*

FOR IMMEDIATE RELEASE CONTACT:
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**U.S. CHARGES FREELANCE GRAPHIC DESIGNER
WITH CONSPIRACY, FRAUD AND BRIBERY OF
N.Y.C. HEALTH AND HOSPITALS CORPORATION EMPLOYEE**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced the unsealing of a criminal Indictment in White Plains federal court today, charging DONALD CHABUS, 57, a freelance graphic designer of Baldwin, New York, with participating in a conspiracy to commit mail fraud, engaging in substantive counts of mail fraud, and making cash payments to an employee of the New York City Health and Hospitals Corporation in connection with a fraudulent invoice scheme.

According to the Indictment, the New York City Health and Hospitals Corporation ("NYCHHC"), a public corporation created and empowered by New York State to operate a public hospital system in New York City, oversees New York City's public health care system in the five boroughs of New York City. The NYCHHC is funded by New York City, New York State and proceeds from insurance, which include third-party billing, Medicare and Medicaid.

As set forth in the Indictment, from at least September

1999 through in or about June 2004, CHABUS was an independent freelance graphic designer who performed graphic design services for NYCHHC. According to the Indictment, beginning in or about September 1999, CHABUS directed various printing companies, including printers located in New York, New York and Poughkeepsie, New York, to submit fraudulent invoices to NYCHHC reflecting charges for non-existent goods and services or grossly inflated charges for services that were rendered.

According to the Indictment, a Co-Conspirator, who was employed by the NYCHHC in the Office of Communications and Marketing, approved the invoices despite knowing that the invoices were fraudulent. Upon the Co-Conspirator's approval, NYCHHC mailed checks to the printers to pay the invoices. After the printers received the checks from the NYCHHC, they paid CHABUS a portion of the proceeds from the checks. The scheme netted CHABUS in excess of \$3 million, according to the Government. CHABUS then allegedly paid the Co-Conspirator a portion of these proceeds in cash.

The Indictment alleges that the fraudulent scheme continued from at least in or about September 1999 up to and including at least June 2004 and that, during this period, DONALD CHABUS paid bribes in excess of \$700,000 to the NYCHHC employee cash payments, in exchange for the approval of the fraudulent invoices CHABUS caused to be submitted NYCHHC.

Earlier today, RONALD MAIORANA, 45, of Dobbs Ferry, New York, pled guilty before United States Magistrate Judge GEORGE A.

YANTHIS to an Information charging him with participating in a conspiracy to commit mail fraud, two substantive mail fraud counts, and theft from a program receiving federal funds.

Between September 1999 and July 2002, MAIORANA was an Assistant Vice President of Marketing in NYCHHC's Office of Communications and Marketing. During his plea allocution, MAIORANA admitted that, between September 1999 and June 2004, he conspired with CHABUS to permit a number of printing companies to submit invoices to NYCHHC that falsely indicated that they had performed printing services. MAIORANA admitted that he accepted in excess of \$700,000 in cash payments in exchange for approving the fraudulent invoices and concealing the scheme.

CHABUS is charged with one count of participating in a conspiracy to commit mail fraud, two counts of mail fraud, and one count of bribing an agent of an organization receiving Federal funds.

If convicted of the charges in the Indictment, CHABUS faces a maximum of five years in prison on the conspiracy and mail fraud charges and a maximum of 10 years on the bribery charge. In addition, CHABUS faces a fine on each count of \$250,000 or twice the gross gain or loss caused by his crimes. If convicted, CHABUS will also be required to pay restitution for the loss caused by the fraud.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation, and thanked the Dutchess County Sheriff's Office for its assistance in the investigation of this case. He said

the investigation is continuing.

Assistant United States Attorneys MARCIA S. COHEN and
PERRY CARBONE are in charge of the prosecution.

The charges contained in the Indictment are merely
accusations, and the defendant is presumed innocent unless and
until proven guilty.

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